

E-Filed on July 17, 2006

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Attorneys for Official Committee of Unsecured Creditors

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA**

In Re:

**USA Commercial Mortgage Company
06-10725 – Lead Case**

**USA Capital Realty Advisors, LLC
06-10726**

**USA Capital Diversified Trust Deed Fund,
LLC
06-10728**

**USA Capital First Trust Deed Fund, LLC
06-10728**

**USA Securities, LLC
06-10729**

Debtors.

Jointly Administered

Chapter 11 Cases

Judge Linda B. Rieggle Presiding

**APPLICATION PURSUANT TO FED.
R. BANKR. P. 2014(a) FOR ORDER
UNDER SECTION 1103 OF THE
BANKRUPTCY CODE
AUTHORIZING THE EMPLOYMENT
AND RETENTION OF SIERRA
CONSULTING GROUP, LLC AS
FINANCIAL ADVISORS TO THE
OFFICIAL UNSECURED
CREDITORS' COMMITTEE FOR
USA COMMERCIAL MORTGAGE
COMPANY**

Date: July 25, 2006

Time: 9:30 a.m.

OST REQUESTED

Affecting:

.. All Cases

or Only:

× USA Commercial Mortgage Company

.. USA Capital Realty Advisors, LLC

.. USA Capital Diversified Trust Deed Fund, LLC

.. USA Capital First Trust Deed Fund, LLC

TO THE HONORABLE LINDA B. RIEGGLER, U.S. BANKRUPTCY JUDGE:

1 The Official Unsecured Creditors' Committee for USA Commercial Mortgage
2 Company (the "Committee"), appointed in the above bankruptcy case (the "Case")
3 respectfully requests that the Court approve the employment and retention of Sierra
4 Consulting Group, LLC ("Sierra") as financial advisors to the Committee. In support of
5 this application, the Committee respectfully states as follows:

6 **I. BACKGROUND**

7 1. On April 13, 2006 (the "Petition Date") USA Commercial Mortgage
8 Company ("USACM"), USA Capital Diversified Trust Deed Fund, LLC ("Diversified"),
9 USA Securities, LLC ("Securities"), USA Capital Realty Advisors, LLC ("Realty") and
10 USA Capital First Trust Deed Fund, LLC (First), ("USACM" and collective with
11 Diversified, Securities, Realty and First, the "Debtors") filed voluntary petitions for relief
12 under chapter 11 of the U.S. Bankruptcy Code ("Bankruptcy Code").

13 2. The Debtors continue to operate their business and manage their properties
14 as debtors-in-possession pursuant to §§ 1107 and 1108 of the Bankruptcy Code.

15 3. On May 10, 2006, the Office of the United States Trustee (the "U.S.
16 Trustee") appointed the following four committees in the Debtors' Cases:

- 17 a. The Official Unsecured Creditors Committee for USACM;
18 b. The Official Committee of Holders of Executory Contract Rights
19 through USA Mortgage (the "Direct Lenders' Committee");
20 c. The Official Committee of Equity Security Holders of USA First (the
21 "USA First Committee"); and
22 d. The Official Committee of Equity Security Holders of USA Capital
23 Diversified Trust Deed Fund, LLC (the "USA Capital Diversified Committee").

24 4. Pursuant to an Interim Order dated April 19, 2006, Mesirow Financial
25 Interim Management LLC has been employed as Chief Restructuring Officer for the
26 Debtors and Debtors in Possession. FTI Consulting, Inc., was employed as Financial

1 Advisors to the Official Committee of Equity Security Holders of USA Capital Diversified
2 Trust Deed Fund, LLC, Nunc Pro Tunc as of June 9, 2006 by order dated June 22, 2006.
3 The Application of Official Committee of Equity Security Holders of USA Capital First
4 Trust Deed Fund, LLC for Order Authorizing Employment and Retention of Alvarez &
5 Marsal, LLC as Its Financial and Real Estate Advisor Nunc Pro Tunc to June 1, 2006 was
6 approved by order dated June 23, 2006.

7 5. The Committee had considered retaining financial advisors for some time.
8 The Committee interviewed candidates on July 11, 2006, and thereafter the Committee
9 formally decided to retain Sierra.

10 **II. JURISDICTION**

11 6. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and
12 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before
13 this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory predicate for the relief
14 sought herein is 11 U.S.C. § 1103(a).

15 **III. RELIEF REQUESTED**

16 7. By this Application, the Committee seeks to employ and retain Sierra
17 pursuant to § 1103(a) of the Bankruptcy Code to perform financial advisory services for
18 the Committee in the Case.

19 8. The Committee is familiar with the professional standing and reputation of
20 Sierra. The Committee understands and recognizes that Sierra has a wealth of experience
21 in providing financial advisory services in restructuring and reorganization, and enjoys an
22 excellent reputation for services it has rendered in large and complex chapter 11 cases on
23 behalf of debtors and creditors throughout the United States.

24 9. The services of Sierra are deemed necessary to enable the Committee to
25 assess and monitor the efforts of the Debtors and their professional advisors to maximize
26 the value of their respective estates and to generate the greatest possible return to

1 unsecured creditors of USACM. Further, Sierra is well qualified and able to represent the
2 Committee in a cost-effective, efficient and timely manner.

3 **IV. SCOPE OF SERVICES**

4 10. Sierra will provide such consulting and advisory services to the Committee
5 and its legal advisors as they deem appropriate and feasible in order to advise the
6 Committee in the course of the Case included but not limited to the following:

- 7 • Perform historic financial analyses and review of the USACM books and
8 records;
- 9 • Assist in analyzing the loans, assets and other liabilities of USACM;
- 10 • Develop recommendations on loans that may require additional funding or
11 disposition;
- 12 • Assist the Debtor and the Committee in identifying sources of capital if
13 necessary;
- 14 • Assist the Committee and counsel in developing positions and strategies
15 with respect to various facets of these proceedings;
- 16 • Work with the Debtors' financial advisor and counsel in developing a plan
17 of reorganization and perform feasibility, liquidation and other analyses as
18 may be required;
- 19 • Prepare interim reporting packages to be distributed to Committee members
20 and any other interested creditor of USACM;
- 21 • Assist in determining the liabilities of USACM as of the filing;
- 22 • Perform financial review of the proceeds that were distributed to the various
23 parties and assist in the development of a strategy to recoup those proceeds;
- 24 • Assist in identifying and pursuing any other assets and potential causes of
25 action that the Committee may seek to recover; and
- 26 • Perform any other services that the Committee and Sierra mutually agree
upon.

11. In light of the employment of Mesirow, FTI and Alvarez & Marsal in the
cases, the Committee intends to limit Sierra's work to those non-duplicative issues
material to unsecured creditors. Unfortunately, to the extent that the Diversified and Fund

1 Committees are not willing to commit to share the fruits of their financial advisors' work
2 product, some overlap may be inevitable.

3 **V. ELIGIBILITY FOR EMPLOYMENT**

4 12. Sierra has informed the Committee that, except as may be set forth in the
5 affidavit of Edward M. Burr (the "Burr Affidavit") filed simultaneously herewith and
6 incorporated for all purposes herein by this reference, Sierra does not represent or have
7 any connection with any other entity having an adverse interest in connection with these
8 cases, and therefore believes it is eligible to represent the Committee under 11 U.S.C. §
9 1103(b) of the Bankruptcy Code.

10 13. Sierra will conduct an ongoing review of its files to ensure that no conflicts
11 or other disqualifying circumstances exists or arise. If any new material facts or
12 relationships are discovered, Sierra will supplement its disclosure to the Court.

13 14. Sierra has agreed not to share with any person or firm the compensation to
14 be paid for professional services rendered in connection with this case.

15 **VI. TERMS OF RETENTION**

16 15. Sierra is not owed any amounts with respect to pre-petition fees and
17 expenses.

18 16. The Committee understands that Sierra intends to apply to the Court for
19 allowance of compensation and reimbursement of its expenses for its financial advisory
20 support services in accordance with the applicable provisions of the Bankruptcy Code, the
21 Bankruptcy Rules, corresponding local rules, orders of this Court and guidelines
22 established by the U.S. Trustee. The customary hourly rates subject to periodic
23 adjustments charged by Sierra professionals anticipated to be assigned to this case are as
24 follows:

25 Principals \$295 per hour

26 Directors \$250 per hour

Associates \$200 per hour

Para Professionals \$100 per hour

17. Sierra acknowledges that the approval of this Application does not indicate Court approval of such rates.

18. There is no agreement or understanding between Sierra and any other entity for the sharing of compensation to be received for services rendered in or in connection with the Case, except as permitted under Bankruptcy Code § 504(b)(1). No compensation will be paid to Sierra except as authorized by order of this Court after notice and an opportunity for hearing.

VII. NO PRIOR REQUEST

19. No prior Application for the relief requested herein has been made to this or any other Court.

VIII. CONCLUSION

WHEREFORE, the Committee respectfully requests the Court to enter an Order authorizing the Committee to employ and retain Sierra as financial advisors for the Committee for the purposes set forth above, and grant such further relief as is just and proper.

RESPECTFULLY SUBMITTED July 17, 2006.

LEWIS AND ROCA LLP

By /s/ RC (#006593)

Susan M. Freeman

Rob Charles

*Attorneys for Official Unsecured Creditors
Committee for USA Commercial Mortgage
Company*